Releae of Pawned gold

2657. SHRI O. P. KOHLI: Will the Minister of FINANCE be pleased to state:

(a) whether the 'Pawned' gold shipped by the RBI in 1991 to raise loans to meet the country's foreign exchange obligations is still lying in the vaults of the Bank of England and the Swiss Banks, although the money borrowed has been repaid in full;

(b) if so, whether in the interest of national honour and prestige, the gold would be brought back to the country; and

(c) if so, when Government propose to bring that gold back to the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. ABRAR AHMED): (a) to (c) The gold which earlier had been pledged abroad in order to raise the necessary loans is back in our possession. As a part of the overall management of external reeaves, the Reserve Bank of India keeps a certain part of its gold holdings in short-term interest bearing deposits. This is done with the objective of earning an income on gold holdings of the RBI.

Paymet of foreign and Indian loans by Industries

2658. SHRI SANJAY DALMIA: Will the Ministrr of FINANCE be pleased to state:

(a) whether Government have made a provision in the Union Budget for 1994-95, for the Indian Industries to prepone payment of foreign loans;

(b) if so, whether in view of (a) above Government would consider extending similar facility in regard to Indian loans to enable Indian Industries to prepone payment of such loans i.e. loans taken from Financial Institutions/Banks etc.; and

(c) If not, what impediment Governments foresee in extending the ambit of this facility?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. ABRAR AHMED): (a) No, Sir.

(b) and (c) Resources for pre-payment of foreign currency and Indian loans are expected to be generated out of the companies own resources, except where exchange losses under the Exchange Risk Administration Scheme are concerned. Budgetary provision for the latter would be made as and when required.

Market borrowings for Central and State Governmentss

2659. SHRI SANJAY DALMIA: Will the Minister of FINANCE be pleased to state:

(a) whether Government have made a provision in the Union Budget for 1994-95 for the Centre to go in for market borrowings, to enable Govenment to depend less and less on RBI;

(b) whether Government propose to extend the same facility to the State Governments will not be adjustable against any kind of Central loan/assistance which the States get as their allocation for their plan outlay, also keep the States out of purview of the RBI loan; and

(c) if so, by when and if not, what are the impediments Government envisage to encounter in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) Centre's Budget for 1994-95 has assumed a net receipt of Rs. 3700 crores from market borrowings.

(b) and (c) In the same period the Planning Commission has allocated net market borrowing of Rs. 4943.11 crores to States. The market borrowing by States is not adjustable agianst any kind of Central loan/assistance which they get as their allocation for their Plan outlay.

Hire purchase business by banks

2660. SHRI SURESH KALMADI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have allowed banks to directly undertake leasing factoring and hire purchase business;

(b) if so, what are the reasons therefor; and

(c) what are the modalities thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. ABRAR AHMED): (a) to (c) Reserve Bank of India (RBI) (not the Government) have recently written to all commercial banks giving them the option to undertake equipment leasing, hire purchase financing and factoring services departmentally also.

Earlier, RBI had advised commercial banks that they may undertake such activities through separately established subsidiaries. During their discussion with RBI, Chairmen and Managing Directors had suggested that banks be permitted to undertake these activities departmentally also. It was suggested to RBI that if banks are permitted to undertake equipment leasing, hire purchase financing and factoring services, they would be able to derive tax benefits by way of depreciation and consequently the profitability of banks would improve. RBI have decided to give banks the option to undertake any of these activities departmentally or through their subsidiaries.

Detailed operational and accounting guidelines hove been given to all commercial banks vide RBI's communication dated 19.2.1994.

Mou between Reserve Bank of India and Nationalised banks

2661. SHRI SURESH KALMADI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that some Nationalised banks are not sticking to the terms of Memorandum of Undertaking they had signed with the Reserve Bank of India;

(b) if so, what are the names of such banks; and

(c) what action Government propose to take against the defaulting banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. ABRAR AHMED): (a) No, Sir.

(b) and (c) Do not arise.

Chinese investors to invest in India

2662. SHRI KRISHAN LAL SHARMA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Chinese investors have expressed their interest in investing their capital in India;

(b) details of the proposals received in this regard; and

(c) reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. ABRAR AHMED): (a) to (c) Yes, Sir. Investments of Rs. 62.41 crores from China have been approved by Govt. of India during the years 1991 to 1993.